are limited to seven characters.[145] Significantly, the United States Patent and Trademark Office (PTO) now follows the Third Circuit's approach,[146] declining to register vanity telephone numbers that contain generic or merely descriptive terms.[147]

Despite the split among circuits, the more appropriate treatment is evident. Basic trademark principles should be followed when determining whether the terms contained in telephone numbers are protectable.[148] Vanity telephone numbers containing generic terms should be protected only to the extent indicated by the Supreme Court in *Kellogg*—the junior user should use every reasonable means to prevent confusion, but should not be enjoined from using the generic term.[149]

2. An Operable Telephone Number Should Meet the Lanham Act Requirement of "Use"

The Sixth Circuit's recent decision in *Holiday Inns, Inc. v. 800 Reservation, Inc.*[150] adversely affected holders of trademark protectable vanity telephone numbers by adding a heightened standard of proof to a vanity number infringement analysis.[151] The case involved the defendant's use of the telephone number "1-800-405-4329" or "1-800-H0LIDAY" (with a zero) to intercept calls from customers that had misdialed "1-800-HOLIDAY" (with the letter "o").[152] The court declined to hold that the use of the number, "1-800-405-4329," qualified as a potentially infringing use of a device or combination of symbols.[153] Instead, the court held that the defendants had not used Holiday Inns's mark or a similar copy of the mark because the defendants had not actively promoted or advertised the telephone number in its alphanumeric

145. *See id.* at 855 n.6, 859. Telephone numbers are limited to seven or eleven characters or digits, depending on whether the area code or exchanges such as 800, 888, and 900 are utilized to spell or indicate the origin, source, approval, or affiliation of a good or service. *See id.* at 855 & n.6, 859.

146. *See* EXAMINATION GUIDE, 5 MCCARTHY, *supra* note 14, Appendix A9(9), at A9-143.

147. *See id.*; 1 MCCARTHY, *supra* note 14, § 7:13, at 7-16 to 7-18 & n.5.

148. *See Dranoff-Perlstein*, 967 F.2d at 857-60.

149. *See* Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118-19 (1938); *Dranoff-Perlstein*, 967 F.2d at 857-860 (applying trademark principles to generic terms in telephone numbers).

150. 86 F.3d 619 (6th Cir. 1996), *cert. denied*, 117 S. Ct. 770 (1997).

151. *See id.* at 625-26; Miss Dig Sys., Inc. v. Power Plus Eng'g, Inc., 944 F. Supp. 600, 604-05 (E.D. Mich. 1996) (following the Sixth's Circuit's reasoning); U-Haul Int'l, Inc. v. Kresch, 943 F. Supp. 802, 806 (E.D. Mich. 1996) (same); *see also* Letter from Mary Ann Alford, *supra* note 75, at 2.

152. *See Holiday Inns*, 86 F.3d at 620.

153. *See id.* at 624-25.

form, "1-800-HOLIDAY."[154]

This advertising requirement is inappropriate in light of the express language of the Lanham Act.[155] Sections 1114 and 1125(a) of the Act expressly prohibit both the use *or* the advertisement of a confusingly similar mark.[156] For example, § 1114 prohibits confusingly similar junior uses "of a registered mark in connection with the sale ... *or* advertising of any goods or services."[157] Additionally, § 1127 defines "use in commerce" as applied to services as "used *or* displayed in the sale *or* advertising of services."[158]

Furthermore, under the Act, an infringing mark does not have to be an exact copy of the plaintiff's mark, but instead can be a "colorable imitation," under § 1114,[159] or a symbol, or device, or any combination thereof, or any false designation of origin under § 1125(a).[160] Thus, the mere use or operation of a telephone number, whether in alphanumeric form or not, should be sufficient to qualify as a "use" under the Lanham Act because it can easily be construed as a "symbol," "device," or "colorable imitation" of a protected mark or a false designation of origin.[161]

The Second Circuit's approach appears to be in accord with this construction of the statute. In *Dial-A-Mattress*, the court specifically enjoined the defendant junior user of a vanity telephone number based on two separate uses by the defendant: "[the] use of a confusingly similar telephone number *and* [the

154. *See id.* (distinguishing *Dial-A-Mattress* based on defendant's advertisement of its vanity number). The defendants in *Holiday Inns* only engaged in minimal advertisement and never promoted their number. *See id.* The court relied in part on *American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp.*, where the district court found the wrongful conduct was the misleading use of the advertisements "rather than [the defendant's] mere use of its telephone number." *See American*, 622 F. Supp. 673, 682, 678 n.4 (N.D. Ill. 1985); *see also* Murrin v. Midco Communications, Inc., 726 F. Supp. 1195, 1200-01 (D. Minn. 1989) (stating that advertisement of a number would infringe, not the mere use of a confusingly similar telephone number).

155. *See* Lanham Act, §§ 32, 43(a), 15 U.S.C. §§ 1114, 1125(a) (1994); *see also* 2A NORMAN J. SINGER, STATUTES AND STATUTORY CONSTRUCTION, § 46.01, at 82 (5th Ed. 1992) ("If the language is plain, unambiguous and uncontrolled by other parts of the act ... the court cannot give it a different meaning.").

156. *See* 15 U.S.C. §§ 1114, 1125(a).

157. *Id.* § 1114 (emphasis added); *see also id.* § 1125(a)(1) (prohibiting a confusingly similar junior use which "(A) is likely to cause confusion, ... *or* (B) in commercial advertising or promotion, misrepresents" the senior user's mark (emphasis added)).

158. *Id.* § 1127 (emphasis added).

159. *See id.* § 1114. A colorable imitation "includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive." *Id.* § 1127.

160. *See id.* § 1125(a).

161. *See American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp.*, 622 F. Supp. 673, 682 (N.D. Ill. 1985) (finding that the *advertisement* of a confusingly similar vanity telephone number created liability, while the *use* of a confusingly similar vanity telephone number would not warrant a cause of action); *cf.* Dial-A-Mattress Franchise Corp. v. Page, 880 F.2d 675, 678 (2d Cir. 1989) (finding that a defendant's use of a telephone number was likely to cause confusion).

use of] a confusingly similar means of identifying that number."[162] To determine whether the numbers at issues were confusingly similar, the court compared the numbers in their numeric form.[163] Only after concluding that the numbers in numeric form were confusingly similar did the court hold that the defendant's use was infringing, "especially in view of defendant's identification of its number as 1-800-MATTRESS."[164] The advertising of the challenged number by the defendant was not a prerequisite to liability, but was used only as a factor in determining the extent of liability.[165]

The Second Circuit's analysis in *Dial-A-Mattress* may illustrate why the Sixth Circuit inappropriately adopted an advertising requirement in *Holiday Inns*. The *Dial-A-Mattress* court was willing to compare the disputed telephone numbers in their most confusingly similar forms.[166] In *Holiday Inns*, however, the court declined to compare the competing numbers in their most confusingly similar forms, but instead compared "1-800-405-4329" with "1-800-HOLIDAY" and came to the conclusion that the challenged number was "neither phonetically nor visually similar to Holiday Inns's trademark, 1-800-HOLIDAY."[167] The Sixth Circuit's unwillingness to scrutinize the defendants's number in its more confusing alphanumeric form was inappropriate because trademark law directs a court, when comparing marks in an infringement analysis, to attempt to recreate the conditions under which consumers make their choices.[168] A reviewing court should "place itself in the shoes" of a prospective customer, and should take "into account the mythical ordinary prospective purchaser's capacity to discriminate as well as his propensity for carelessness."[169]

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162. *Dial-A-Mattress*, 880 F.2d at 678 (emphasis added).

163. *See id.* (finding the defendant's telephone number 1-800-628-8737 confusingly similar to plaintiff's local telephone number 628-8737).

164. *Id.*

165. *See id.* (concluding that use of the "plaintiff's telephone number by the defendant after the plaintiff's promotion of the number was increased indicia of "confusingly similar" activity).

166. *See id.* (explaining the similarity of the telephone numbers underlying the word "MATTRESS").

167. Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619, 623 (6th Cir. 1996), *cert. denied*, 117 S. Ct. 770 (1997).

168. *See* Calvin Klein Cosmetics Corp. v. Lenox Labs., Inc., 815 F.2d 500, 504 (8th Cir. 1987) ("[A] court should try to determine not what it would do, but what a reasonable purchaser in market conditions would do."); G. D. Searle & Co. v. Chas. Pfizer & Co., 265 F.2d 385, 388 (7th Cir. 1959) (stating that prospective purchaser conditions must be considered); Quaker Oats Co. v. General Mills, Inc., 134 F.2d 429, 432 (7th Cir. 1943) (depicting trademark analysis from the viewpoint of the consuming public); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 510 (E.D.N.Y. 1975) (stating that a court should not dictate the customers' state of mind); 3 MCCARTHY, *supra* note 14, § 23:58 (discussing the importance of marketplace comparisons in a confusion analysis).

169. *E. I. DuPont*, 393 F. Supp. at 510. Side-by-side comparisons may not adequately re-

Applying these rules to vanity numbers, courts should anticipate the conditions under which consumers conduct business with vanity telephone number holders: consumers are prone to use wrong area codes, mistake zeros and ones for the letters "o" and "i," respectively, which precipitates incorrect numbers being depressed. Courts can take these shortcomings into account by comparing disputed numbers in their most confusingly similar forms—their similarity with respect to the keypads that must be depressed to dial each number correctly. For example, in *Holiday Inns*, only one minor difference existed between the keypads depressed for "1-800-405-4329" and "1-800-HOLIDAY": the use of a zero for the letter "o", a distinction that can easily be overlooked by an inattentive consumer.[170] Furthermore, applicable trademark law does not require that a purchaser remember the exact details of a trademark, but only have a "general impression" of it.[171]

An analogy can be made to the foreign equivalents doctrine, which requires courts to "translate" a defendant's mark into its more confusingly similar English form in order to fully assess the likelihood of confusion.[172] Additionally, when courts are asked to consider marks that may sound, but not look, confusingly similar, the law directs that courts should not use the "correct" pronunciation of a word, but should consider the pronunciation used by the public.[173] Moreover, when a challenged trademark is neither visually nor phonetically similar to a plaintiff's mark, a court is still required to consider the meaning invoked by the respective marks.[174] The use of a mark which causes

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flect the conditions in which consumers would see or use the marks in the marketplace. *See supra* note 168 (discussing cases that direct courts to view the mark from the consumer's standpoint).

170. *Holiday Inns, Inc.*, 86 F.3d at 620.

171. *See* Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149, 161 (9th Cir. 1963); Distillerie Filli Ramazzotti v. Banfi Prods. Corp., 276 N.Y.S.2d 413, 419-21 (N.Y. Sup. Ct. 1966).

172. *See, e.g., In re* American Safety Razor Co., 2 U.S.P.Q.2d (BNA) 1459, 1460 (T.T.A.B. 1987) (concluding that "BUENOS DIAS" for soap would likely cause confusion with "GOOD MORNING" for shaving cream); *In re* Hub Distrib., Inc., 218 U.S.P.Q. (BNA) 284, 285 & n.1 (T.T.A.B. 1983) (finding "EL SOL" for wearing apparel would likely cause confusion with "SUN" for foot wear); Rosenblum v. George Willsher & Co., 161 U.S.P.Q. (BNA) 492, 492 (T.T.A.B. 1969) (finding "TORO ROJO" equivalent to "RED BULL"); *see also* 1 MCCARTHY, *supra* note 14, § 11:34; 3 *id.* §§ 23:36, 23:40.

173. *See* Lebow Bros., Inc. v. Lebole Euroconf S.p.A., 503 F. Supp. 209, 211-12 (E.D. Pa. 1980) (stating that the likelihood of confusion is based on how the "public employs a usual or likely pronunciation rather than the 'correct' pronunciation"); Jules Berman & Assocs., Inc. v. Consolidated Distilled Prods., Inc., 202 U.S.P.Q. (BNA) 67, 70 & n.4 (T.T.A.B. 1979) (stating that the controlling factor in determining likelihood of confusion based upon pronunciation is how the ordinary purchaser understands the pronunciation of the word).

174. *See* AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 351-52 (9th Cir. 1979) (stating similarity can be found by closeness in meaning); Plough, Inc. v. Kreis Lab., 314 F.2d 635, 639 (9th Cir. 1963) (discussing the different meanings of the words "COCA" and "COPA"); 3 MCCARTHY, *supra* note 14, § 23:90. Additionally, courts routinely examine the phonetic char-

confusion because it conveys the same idea should be enjoined on the same basis as if it were similar in sight and sound.[175]

These rules lend guidance to the appropriate analysis that should be applied to a challenged vanity telephone number. Courts should conduct comparisons based on the public's habit of misdialing telephone numbers, not whether the numbers are visually or phonetically similar when placed side by side.[176]

Thus, the Sixth's Circuit's holding, that a "use" had not occurred because the defendant had not advertised or actively promoted its number in alphanumeric form, demonstrated a misinterpretation of the Lanham Act, and produced an unfortunate result that is inappropriate in the field of trademark law.[177] Whether a defendant has advertised a vanity number should be not be considered in a "use" analysis, but considered as only one factor in determining liability.[178] Finally, in determining whether an infringement has occurred, courts should translate both numbers into their alphanumeric forms to accurately reflect mistakes that may result when consumers dial vanity numbers.

3. Existing Confusion Should Not Alter a Court's Likelihood of Confusion

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acteristics of trademarks that are visually distinguishable. *See* Esso, Inc. v. Standard Oil Co., 98 F.2d 1, 5 (8th Cir. 1938) (finding "SO" visually distinguishable, with "ESSO," but identical in sound, and, therefore, finding "SO" to be confusingly similar to "ESSO"). In examining the phonetic similarities of trademarks, courts are required to determine how the average purchaser might pronounce the word rather than how the defendant believes the word should be pronounced. *See* J. B. Williams Co. v. Le Conte Cosmetics, Inc., 523 F.2d 187, 192-93 (9th Cir. 1975) (finding error in assuming that Americans would pronounce "LE CONTE" in the French manner with the accent on the final syllable so as to make it distinguishable from "CONTI"). Courts also consider whether a mark that constitutes a picture is likely to cause confusion with a trademark protected word. *See* Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 260 (2d Cir. 1987) (finding that Mobil Oil's design mark of a flying horse with wings was infringed by the word mark "Pegasus").

175. *See* Standard Oil Co. v. Standard Oil Co., 252 F.2d 65, 73-74 (10th Cir. 1958) ("The use of a designation which causes confusion because it conveys the same idea, or stimulates the same mental reaction, or has the same meaning is enjoined on the same basis as where the similarity goes to the eye or the ear."); Hancock v. American Steel & Wire Co., 203 F.2d 737, 741-42 (C.C.P.A. 1953)(finding that "TORNADO" fences infringed the trademark of "CYCLONE" fences).

Thus, if a court is made aware that the public is misdialing a trademark, believing they will contact the source they mean to contact, the court should inquire if a number similar to the protected mark holder means the same to the public as the mark holder's to the public. *Cf.* Bell v. Kidan, 836 F. Supp. 125, 126 (S.D.N.Y. 1993) (involving "CALL-LAW" v. "LAW-CALL"). If the meaning to the public is the same as the protected mark, the requisite "use" should be found to exist. *See* 3 MCCARTHY, *supra* note 14, § 12:1.

176. *See infra* Part III.A.2 (discussing the standard that should be applied in vanity telephone number disputes to determine similarity of the marks).

177. *See* Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619, 626 (6th Cir. 1996), *cert. denied*, 514 U.S. 159 (1997); *see also* Lanham Act §§ 32, 43(a), 15 U.S.C. §§ 1114, 1125(a) (1994) (providing use requirements).

178. *See supra* note 51 (discussing factors in a "likelihood of confusion" analysis).

Analysis

In *Holiday Inns*, one of the defendants testified that he obtained the telephone number "1-800-405-4329," which translates to "1-800-H0LIDAY" (with a zero), for the "sole purpose" of intercepting calls from Holiday Inns's customers that misdialed their reservation number.[179] Through this scheme the "company reaped benefits in direct proportion to Holiday Inns's efforts at marketing 1-800-HOLIDAY for securing reservations."[180] Despite this irrefutable evidence of both intent to confuse and actual confusion,[181] the Sixth Circuit stated in dicta that no actionable confusion existed because "the confusion already existed among the misdialing public."[182] This reliance on "existing confusion" evidences a misunderstanding of the operative definition of confusion under the Lanham Act.[183]

Trademark infringement occurs if a use is likely to cause confusion as to the "affiliation, connection, or association" of the user with a senior user.[184] This confusion as to the source should not be mistaken with confusion as to the operation of a telephone.[185] For example, in *Holiday Inns*, prior to the establishment of the defendants's allegedly infringing travel business, customers of Holiday Inns's that misdialed its "800" number would have been connected with a business wholly unrelated to hotels, or a telephone company recording indicating the number was not in service.[186] Thus, the customer would have quickly realized the error and no actionable "confusion" as to source, as de-

179. *See Holiday Inns*, 86 F.3d at 621.

180. *Id.*

181. *See id.* 620-21. Evidence of intent to confuse is particularly important in trademark law because an intent to confuse customers gives rise to an inference of likely confusion. A defendant who chooses a similar mark "to that of a senior user is saying, in effect, that he thinks that there is at least a possibility that he can divert some business from the senior user." Little Caesar Enters., Inc. v. Pizza Caesar, Inc., 834 F.2d 568, 572 (6th Cir. 1987).

182. *Holiday Inns*, 86 F.3d at 625. The court did not need to resolve the issue of likelihood of confusion because it had already concluded that the defendant had not "used" a mark similar to the plaintiffs. *See id.* at 626.

183. *Compare id.* at 625, *with* 15 U.S.C. § 1114 (1994) (defining a violation under the Lanham Act will occur when another's mark is likely to cause confusion).

184. 15 U.S.C. § 1125(a)(1)(A); *see also id.* § 1114.

185. *See Holiday Inns*, 86 F.3d at 625 (stating that the public was already confused as to the dialing of a telephone).

186. In this respect, the Sixth Circuit demonstrated a lack of knowledge about telephone numbers by concurring with an argument, put forth by the defendant, that the defendant's confusingly similar service "may have helped dispel the confusion by answering calls that would have gone unanswered and informing the customers of their error." *Id.* Usually, unassigned telephone numbers do not just keep ringing, but instead are connected with a telephone company recording indicating an error. *See* D'Vera Cohn, *C&P Sleight of Hand Ensures Smooth Shift to Area Code Calling*, WASH. POST, Oct. 2, 1990, at B1.

fined by the Lanham Act, would have resulted.[187]

In contrast, once the defendants set up their business, customers of Holiday Inns that misdialed the hotel's "800" number were connected with a strikingly similar reservation service.[188] While it is possible that the callers might have realized this error, a significant possibility existed that the callers would be confused as to the identity of the company contacted and its affiliation with Holiday Inns.[189] Thus, actionable confusion under the Lanham Act was the direct and intended result of the defendants' actions.[190] Accordingly, the Sixth Circuit was incorrect when it suggested that "existing confusion" can preclude liability in a case involving vanity telephone numbers.[191]

B. FCC Action Has Inappropriately Provided De Facto Trademark Protection to Some Vanity Telephone Numbers

In a Notice of Proposed Rulemaking (NPRM) published in October 1995, the FCC solicited comments on the steps it should take to protect holders of vanity toll-free "800" numbers following the release of the new "888" toll-free code.[192] The Commission examined this issue after holders of existing 800 numbers expressed a need for protection, maintaining that existing trademark law, as applied by the courts, was inadequate to safeguard their interests.[193] The Commission proposed several options, foremost of which was granting "800" number holders a right of first refusal over the identical numbers in the new "888" code.[194] The Commission expressed concern, however, that such a preemptive right would rapidly deplete the available supply of new toll-free numbers.[195]

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187. *See* 3 MCCARTHY, *supra* note 14, § 23:1, at 23-6 to 23-8 (describing standard for "likelihood of confusion").

188. *See Holiday Inns*, 86 F.3d at 621.

189. *See* Holiday Inns, Inc. v. 800 Reservation, Inc., 838 F. Supp. 1247, 1252 (E.D. Tenn. 1993). Though the defendants claimed that a recording or disclaimer was used to inform callers that they had not reached Holiday Inns, it did not alleviate all the confusion, since the defendants acknowledged obtaining substantial business. *See id.* Furthermore, other courts have ruled that disclaimers may not materially reduce customer confusion, and may even tend to aggravate customer uncertainty. *See* E. & J. Gallo Winery v. Gallo Cattle Co., 12 U.S.P.Q.2d (BNA) 1657, 1665 (E.D. Cal. 1989) (finding that survey results showed that a disclaimer had very little impact in reducing the level of confusion).

190. *See Holiday Inns*, 86 F.3d at 620-21.

191. *See id.* at 625.

192. *See NPRM*, *supra* note 1, at 13701-04.

193. *See id.* at 13703.

194. *See id.* The Commission also proposed active regulation of toll-free numbers based on an industrial classification system. *See id.* at 13703-04. Under this system, the FCC would have protected holders of 800 numbers by barring other companies in the same industrial classification from obtaining the corresponding number. *See id.* at 13704.

195. *See id.* at 13703. A survey sponsored by a telephone company trade association indi-

The comments submitted in response to the NPRM contrasted sharply.[196] Many companies holding toll-free "800" vanity numbers submitted comments seeking a preemptive right to the matching number in the "888" code.[197] Of these companies, many openly acknowledged that they sought FCC action because the "800" number they were attempting to protect was generic under trademark law, and thus ineligible for trademark protection by the PTO and the courts.[198] Holders of such numbers as "1-800-TICKETS,"[199] "1-800-FOR-

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cated that approximately 25% of current "800" number holders may want to replicate their existing numbers in the new "888" code. *See* Comments of Sprint Corp., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 18 (Nov. 1, 1995); *see also* Comments of NYNEX, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 7 (Nov. 1, 1995) [hereinafter Comments of NYNEX] (predicting that as many as 25% of the available numbers in the "888" Code could be depleted by request for duplication of existing "800" numbers); Comments of Scherers Communications Group, Inc., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 14 (Nov. 1, 1995) (indicating that a study of its customers found that 24% would want to replicate vanity "800" numbers in the "888" code). Additionally, other telephone companies noted that if a right of first refusal was provided for "800" numbers, regional telephone companies would be expected to provide the same right when new area codes were created. *See* Comments of Pacific Bell and Nevada Bell, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 12 (Nov. 1, 1995) (claiming that customers may expect to keep the same area code numbers after a relocation).

Despite substantial evidence of widespread interest in obtaining identical numbers in the "888" code, however, it is unclear whether the Commission's concern about rapid depletion of toll-free numbers was valid. Some holders of toll-free numbers pointed out that a right of first refusal would have absolutely no effect on the rate of depletion of new toll-free numbers because all desirable toll-free vanity telephone numbers in the new "888" code would immediately be reserved, either by the holders of the matching "800" numbers, or by their competitors, regardless of whether the Commission regulated the reservation process. *See* Reply Comments of 1-800-FLOWERS, *supra* note 16, at 4; Comments of TLDP Communications, Inc., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 2 (Nov. 1, 1995) [hereinafter Comments of TLDP].

196. *Compare*, Comments of Dial-A-Mattress, *supra* note 3 at 1 (arguing for a right of first refusal), *and* Comments of 1-800-FLOWERS, *supra* note 2, at 3-4 (arguing for a right of first refusal), *with* Comments of Olsten Corporation, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 1 (Nov. 1, 1995) [hereinafter Comments of Olsten] (seeking "1-888-WORKING" and "1-888-MANAGER," both of which are unavailable in the "800" code), *and* Letter from Wally Taggart, Vice President, Maritz Inc., to Reed Hundt, Chairman, Federal Communications Commission (Aug. 3, 1995) (on file with the FCC) [hereinafter Letter from Wally Taggart] (regarding In re Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)) (asking for assistance in receive certain vanity telephone numbers in the new "888" code).

197. *See* Comments of Dial-A-Mattress, *supra* note 3, at 1 (requesting "1-888-MATTRESS" be reserved); Comments of 1-800-FLOWERS, *supra* note 2, at 3-4 (requesting that "1-888-FLOWERS" be reserved).

198. *See, e.g.*, Comments of 1-800-FLOWERS, *supra* note 2, at 14 (stating that trademark law will not adequately protect vanity telephone number holders); Comments of The Weather Channel, *supra* note 18, at 9 (admitting the word "WEATHER" cannot be trademarked); Joint Reply Comments of Dial 800, *supra* note 4, at 3 (claiming that "trademark law does not offer adequate protection"); Reply Comments of Bass Pro Shops, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 4-5 (Nov. 22, 1995) ("Current U.S. trademark law and the

WATC(H),"[200] "1-800-BAL-LOON,"[201] "1-800-DENTIST,"[202] "1-800-RENT-A-CAR,"[203] "1-800-4-SOFTWA(RE),"[204] "1-800-DISCOUN(T),"[205] "1-800-REPAIRS,"[206] "1-800-THERAPI(ST),"[207] and "1-800-HIV-TEST"[208] argued that, based solely on the substantial investments they had made in marketing their generic vanity telephone numbers, principles of equity required the FCC to provide them with protection.[209]

In contrast, other commenters urged the Commission to refrain from regulating the assignment of new "888" toll-free numbers.[210] Some of these par-

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policies of the U.S. Patent and Trademark Office ... offer only limited—and uncertain—protection for vanity telephone numbers.").

199. *See* Letter from 800 Tickets International, Inc., to Federal Communications Commission (Sept. 8, 1995) (on file with the FCC) (regarding *In re* Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

200. *See* Letter from Timex Corporation, to Reed Hundt, Chairman, Federal Communications Commission (Sept. 19, 1995) (on file with the FCC) (regarding In re Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

201. *See* Letter from Braden Lutz, *supra* note 105.

202. *See* Letter from Applied Anagramics, Inc., to Reed Hundt, Chairman, Federal Communications Commission (Aug. 18, 1995) (on file with the FCC) (regarding *In re* Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

203. *See* Comments of Enterprise Rent-A-Car, Inc., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 3 (Nov. 1, 1995).

204. *See* Letter from Len Dozois, President, Zachary Software, Inc., to Reed Hundt, Chairman, Federal Communications Commission (on file with the FCC) (regarding *In re* Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

205. *See* Letter from John C. Hartman, President, 800-Discount Club, Inc., to Kathleen Wallman, Chief of Common Carrier Bureau, Federal Communications Commission (July 24, 1995) (on file with the FCC) (regarding *In re* Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

206. *See* Letter from Kerry P. Lauricella, Chairman, Repairs, Inc., to Reed Hundt, Chairman, Federal Communications Commission (July 31, 1995) (on file with the FCC) (regarding *In re* Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

207. *See* Letter from Kevin Grold, President, 1-800-Therapist Network, to Federal Communications Commission (Oct. 26, 1995) (on file with the FCC) (regarding *In re* Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

208. *See* Letter from Tracey T. Powell, Chairman & CEO, Home Access Health Corporation, to Reed Hundt, Chairman, Federal Communications Commission (Oct. 5, 1995) (on file with the FCC) (regarding *In re* Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)).

209. *See supra* note 198 (citing comments that argued that trademark law is insufficient to protect vanity telephone numbers).

210. *See, e.g.*, Reply Comments of The Personal Communications Industry Association, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 17 (Nov. 22, 1995) ("Reliance on trademark law provides users with a developed body of law and a clearer definition of the scope of legal protection than would exist under a Commission first right of refusal."); Comments of Bell Atlantic, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 7 (Nov. 1, 1995) [hereinafter Comments of Bell Atlantic] (stating that intellectual property, unfair competition, and consumer protection laws will safeguard vanity telephone number holders'

ties acknowledged that they hoped to obtain vanity telephone numbers in the "888" code that had already been secured by others in the "800" code.[211] These parties stressed the difficulties that the FCC would face in regulating the issuance of vanity telephone numbers.[212]

For example, a single vanity telephone number can have entirely different meanings in different industries.[213] The vanity telephone number "1-800-THE-CARD" (used by American Express for customer service) could be used by the Hallmark card company in the "888" code to market greeting cards, without causing actionable confusion.[214] Additionally, the telephone number

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rights); Comments of Bellsouth Telecommunications, Inc., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 17 (Nov. 1, 1995) (federal trademark law and/or state fair business practice or consumer protection laws can provide remedies to vanity telephone number holders); Comments of CTA, *supra* note 18, at 13 (arguing that trademark law can protect a vanity telephone number holder, and even though protection is limited because vanity telephone number issues are new and very few cases exist, the "Commission should not act to hinder the development of law in this area"); Comments of Paging Network, Inc., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 13 (Nov. 1, 1995) [hereinafter Comments of Paging Network] (claiming that adequate legal remedies exist to protect vanity telephone number holders); Comments of Southern New England Telephone Co., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 6 (Nov. 1, 1995) [hereinafter Comments of Southern New England Telephone] (arguing that legal protections exist for vanity telephone number holders); Comments of Southwestern Bell Telephone Co., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 17 (Nov. 1, 1995) [hereinafter Comments of Southwestern Bell] (arguing that a right of first refusal would be a form of improper discrimination, as many numbers can be used to spell several different words that businesses could use).

211. *See, e.g.*, Comments of Olsten, *supra* note 196, at 1 (seeking "1-888-WORKING" and "1-888-MANAGER," both of which are unavailable in the "800" code); Letter from Katie Jenkins, The Loewen Group Inc., to Reed Hundt, Chairman, Federal Communications Commission (Oct. 20, 1995) (on file with the FCC) (regarding In re Toll Free Service Access Codes, *Notice of Proposed Rule Making*, 10 F.C.C.R. 13692, 13701 (1995)) (seeking, among other numbers, "1-888-FUN-ERAL"); Letter from Wally Taggart, *supra* note 196 (seeking, among other toll-free numbers, the numbers spelling the words "INTERNE(T)," "MARKETS," "SELL-NOW," "RESEARCH," "REWARDS," "WINNERS," "IMPROVE," "DELIVER," and "AMERICA").

212. *See supra* note 210 (discussing arguments made against a right of first refusal, and concluding that trademark law is sufficient to protect vanity telephone number holders's rights).

213. *See, e.g.*, Reply Comments of John Austin, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 1 (Nov. 20, 1995) [hereinafter Reply Comments of John Austin] (showing that different words can be spelled with the same string of telephone keypad numbers); Comments of MFS Communications Co., Inc., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 10 (Nov. 1, 1995) [hereinafter Comments of MFS] (stating that identical numbers may be appealing to different types of businesses); Comments of NYNEX, *supra* note 195, at 7 (stating that letters on the dial pad associated with specific numbers may spell more than one word); Comments of Southwestern Bell, *supra* note 210, at 17 (stating the mere possibility of confusion should not prevent a company from obtaining a vanity telephone number in the new toll-free exchange).

214. *See supra* note 213 (stating that American Express should not have the right to "1-888-THE-CARD," as the underlying numbers can spell so many other different words that other companies could use). Admittedly, while some American Express customers would accidentally call Hallmark when they lose their credit cards, the mistake will be promptly realized and

that spells "1-800-THE-CARD" also spells THE CASE,[215] THE CAPE,[216] THE BASE[217], THE BASF,[218] TIE CARE[219], THE BARD,[220] and THE ACRE.[221] Thus, numerous business sectors could claim that they have an equitable right to reserve 843-2273 in the "888" code, rather than permit American Express to warehouse the number to avoid competition.[222]

Unfortunately, faced with a lack of consensus and only a few weeks before the supply of "800" numbers ran out, the FCC declined to resolve the question and adopted what it apparently thought was a fair compromise.[223] Although the Commission declined to grant a right of first refusal, it blocked off all matching vanity telephone numbers in the "888" code that holders of vanity "800" numbers wanted to protect.[224] This meant that while the holder of the "800" number did not gain access to the matching number in the "888" code, neither did its competitors.[225]

The practical effect of the Commission's decision provided *de facto* trademark protection to holders of vanity "800" telephone numbers.[226] This decision was particularly inappropriate, because as some commenters pointed out, many of the vanity "800" numbers that companies sought to protect were ge-

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corrected.

215. This telephone number would be an obvious choice for a luggage company, or law firm. *See* Comments of Telecommunications Resellers Assoc., to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 17 (Nov. 1, 1995) [hereinafter Comments of TRA] (listing different spellings that could be made from one underlying number).

216. This telephone number would be suitable for a Massachusetts-based travel agency. *See* Comments of MFS, *supra* note 213, at 10.

217. *See* Comments of TRA, supra note 215, at 17.

218. This telephone number would be appropriate for BASF, the German-based chemical company. *See* Reply Comments of John Austin, *supra* note 213, at 1.

219. *See* Comments of TRA, *supra* note 215, at 17.

220. This telephone number would be an obvious choice for the promotor of a renaissance faire. *See* Comments of NYNEX, *supra* note 195, at 7; Comments of Southwestern Bell, *supra* note 210, at 17; Comments of TRA, *supra* note 215, at 17.

221. This telephone number could be used for a real estate company. *See* Comments of TRA, *supra* note 215, at 17.

222. *See supra* note 213 (commenting that one number may spell many different words).

223. *See Order*, *supra* note 1, at 2496.

224. *See id.* at 2496, 2498. The Commission indicated that it would probably revisit this question within a year. *See id.* at 2498.

225. *See id.* at 2496.

226. *See supra* Part II.B (discussing how the FCC's actions have given *de facto* protection to all requesting holders of vanity numbers). Arguably, the Commission's decision to block off matching "888" vanity numbers was actually more preferable for vanity "800" number holders than the right of first refusal that they had requested, because the right of first refusal inevitably would have been accompanied by a substantial annual fee for the matching "888" number. *Cf. Order*, *supra* note 1, at 2499 (discussing the reservation process). In contrast, the Commission's decision to block off matching "888" vanity numbers provided *de facto* trademark protection for free. *See id.* at 2496.

neric or merely descriptive under trademark law.[227] Thus, they should not have received *de facto* protection from the FCC, because such protection disrupted the competitive balance that trademark law is designed to preserve.[228] By providing *de facto* protection to vanity numbers that did not deserve it, the holders of those numbers obtained an unfair competitive advantage over their competitors.[229]

III. COMMENT: THE PROPER STANDARD TO BE APPLIED TO VANITY TELEPHONE NUMBERS AND THE FCC'S ROLE

A. A Proper Application of Trademark Law By Courts to Vanity Telephone Numbers Negates Need for FCC Involvement

The proper test to be used in a trademark infringement action is the traditional "likelihood of confusion" analysis.[230] Infringement should be found under § 1114 and § 1125(a) of the Lanham Act only if (1) a plaintiff's mark is a valid trademark, and (2) a defendant uses a mark that is likely to cause confusion.[231] In determining whether a plaintiff's vanity telephone number is a valid trademark, basic trademark principles should be used. Thus, a vanity telephone number containing a generic word should never be protected as a trademark.[232] If two competitors are using the same generic vanity telephone number, the only requirement a court should impose is that the junior user dis-

227. *See*, Comments of Joel DeFabio, to the *Notice of Proposed Rule Making* in CC Dkt. No. 95-155, at 1 (Nov. 1, 1995) (arguing that "[t]he vast majority of vanity numbers consist of generic terms").

228. *See* Dranoff-Perlstein Assocs. v. Sklar, 967 F.2d 852, 857 (3d Cir. 1992) (finding no protection should be granted to generic terms because if so, competitors would be placed at a "serious competitive disadvantage"); *infra* Part III.A (advocating that existing trademark principles are sufficient to protect vanity telephone numbers).

229. *Cf. Dranoff-Perlstein*, 967 F.2d at 857 (finding that if generic or merely descriptive words were protected, the user would be given an unfair advantage). For example, if the current user of the number "1-800-FLOWERS" so requested, a florist wishing to use the number "1-888-FLOWERS" would not at this time permitted to use the number. *See Order*, *supra* note 1, at 2496. The term "Flowers" however, would be considered generic to the florist, who needs the term to describe his goods.

230. *See* Lanham Act §§ 32, 43(a), 15 U.S.C. §§ 1114, 1125(a) (1994); *Dranoff-Perlstein*, 967 F.2d at 855, 862-63; Mushroom Makers, Inc. v. R. G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978) (stating that the crucial issues in a trademark infringement action "is whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question"); *see also supra* note 51 (discussing judicial applications of this test).

231. *See* §§ 1114, 1125(a).

232. *See Dranoff-Perlstein*, 967 F.2d at 857. Additionally, when it is unclear whether a mark is generic or descriptive, a court should take into account the fact that words in telephone numbers are limited to only seven spaces. *See Dranoff-Perlstein*, 967 F.2d at 856-61.

tinguish its goods or services from those of senior user.[233]

To determine whether an allegedly infringing mark is likely to cause confusion with a plaintiff's vanity telephone number, courts first should translate the allegedly infringing number into its most confusingly similar form—either numeric or alphanumeric—for comparison purposes, regardless of whether it was advertised in that form.[234] Courts should then apply the eight traditional "likelihood of confusion" factors to determine if a violation will result.[235] When applying four of these factors—the strength of the plaintiff's mark, the similarity of the marks, the relatedness of the services, and the likely degree of purchaser care and sophistication—a court should pay special attention to the unique factual issues inherent in a trademark infringement case involving vanity telephone numbers. These unique factors are discussed below.

1. Strength of the Plaintiff's Mark

One of the most important considerations in determining whether infringement of a protected trademark has occurred is the "strength" of the plaintiff's mark.[236] The term "strength" refers to the distinctiveness of the mark and its tendency to identify a product or service with a particular source.[237] Factors

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233. *See* Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118-19 (1938) (establishing this remedy for generic marks).

234. *See infra* Part III.A.2 (concluding that a number should be analyzed determined on how the public is dialing the number).

235. The factors are:

> (1) strength of the plaintiff's mark; (2) relatedness of the services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care and sophistication; (7) intent of the defendant in selecting the mark; and (8) likelihood of expansion of the product lines using the marks.

Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619, 623 (6th Cir. 1996), *cert. denied*, 117 S. Ct. 770 (1997) (citing Frisch's Restaurants, Inc. v. Elby's Big Boy, Inc., 670 F.2d 642, 648 (6th Cir. 1982). The Sixth Circuit never applied these factors because it concluded that, on its face, the contested telephone number was not similar to Holiday Inns's protected vanity telephone number, "1-800-HOLIDAY." *See id.* at 626.

The factors the Second Circuit applies are: strength of the plaintiff's mark; similarity between the marks, product relationship; actual confusion; good faith, purchaser sophistication; defendant's product quality; and the likelihood that the plaintiff will bridge the gap. *See* Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492, 495 (2d Cir. 1961). The Ninth circuit has applied from five to eight factors in its cases. *See* 1 GILSON & SAMUELS *supra* note 24, § 5.01[3][i], at n.19; *see also* Kelley Blue Book v. Car Smarts, Inc., 802 F. Supp. 278, 284-88 (C.D. Cal. 1992) (applying the "likelihood of confusion" factors to the facts of the case).

236. *See* 1 MCCARTHY, *supra* note 14, § 11:2.

237. *See* McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1131 (2d Cir. 1979) (citing E. I. DuPont DeMemours & Co. v. Yoshida Int'l Inc., 393 F. Supp. 502, 512 (E.D.N.Y. 1975)). The modern RESTATEMENT OF UNFAIR COMPETITION also treats "distinctiveness" and "strength" as synonyms. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21, commentary at 232 (1995) ("The distinctiveness or 'strength' of a mark measures its capacity to indicate the source of the goods or services with which it is used.").

affecting the strength of a mark include, but are not limited to, the potential for exhaustion of trademark alternatives for competitors,[238] and the existence of a "crowded market" in which numerous similar trademarks are used by various competitors.[239]

With respect to vanity telephone numbers, the potential for exhaustion of the total available supply is a significant consideration which should weigh heavily against a finding that a term in a vanity telephone number constitutes a "strong" trademark.[240] Vanity telephone numbers are limited to seven digits or characters.[241] Because there are no letters associated with the digits "0" and "1" on a telephone keypad, true vanity telephone numbers may only contain the numbers 2 through 8.[242] Therefore, of the eight million number combinations possible in the "800" code, only 2,097,152 letter combinations can be created.[243] Because the overwhelming number of letter combinations are not words, the available number of vanity telephone numbers is relatively small.[244]

The Third Circuit in *Dranoff-Perlstein* suggested that, because the range of terms that could be contained within telephone numbers was so limited, any terms that could be commonly used by others to describe their products or services should not be protected.[245] The court reasoned that if such terms were protected, others would be provided with an unfair competitive advantage, and the generic doctrine would be violated.[246] This level of scrutiny should continue to be applied to vanity telephone numbers in order to protect competitors with the same goods or services.

2. Similarity of the Marks

Another factor that warrants particular consideration in a comparison of vanity telephone numbers is the similarity of the marks.[247] In a "likelihood of

238. *See* 1 MCCARTHY, *supra* note 14, §§ 7:39-7:41 (discussing trademark depletion theory as applied to single color marks).

239. *See id.* § 11:85.

240. *See* Dranoff-Perlstein Assocs. v. Sklar, 967 F.2d 852, 855 n.6. (3d Cir. 1992).

241. *See id.*

242. *See* Comments of TLDP, *supra* note 195, at 3.

243. *See id.*

244. *See id.* TLDP argued that less than 200,000 are viable vanity telephone numbers. *See id.*

245. *Dranoff-Perlstein*, 967 F.2d at 859-60 (defining a term to be generic if it related to "some distinctive characteristic" of a product or service).

246. *See id.* at 860.

247. In most cases, this factor involves visual or audible recognition—a consumer sees or hears the mark and associates it with a label on a package or a sign on a store. *See generally* 3 MCCARTHY, *supra* note 14, §§ 23:22-23:25. This recognition can result from the general appearance of the packaging, the coloring of the label, the words in the slogan, or an overall men-

confusion" analysis, a court should translate an allegedly infringing number into its most confusingly similar form, either numeric or alphanumeric, regardless of whether it was advertised as such, so that it may be properly compared with a plaintiff's vanity number.[248] If a court finds that the public dials a defendant's telephone number using the letters on the keypad, rather than the numbers, and those letters spell a word that may violate a plaintiff's trademark, the defendant should be made to defend the confusingly similar use of the alphanumeric form of its telephone number.[249]

As a guideline for determining similarity of telephone numbers courts should apply a two-prong test: (1) whether the public is dialing the allegedly infringing mark in its numeric or letter form, and (2) what word or phrase is spelled by the letters as dialed.[250] This test should be applied regardless of the manner in which the defendant advertised the number.[251]

This principle is analogous to the treatment of a challenged mark that is alleged to be a foreign translation of a protected trademark.[252] The foreign equivalents doctrine requires a court to translate the challenged mark into

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tal impression created by a combination of the above. *See id.* § 23:25.

248. *Cf.* Menendez v. Holt, 128 U.S. 514, 520 (1888) (translating foreign words into English). Similarities in appearance, sound, connotation, and commercial impression between disputed marks are the most important factors in "the likelihood of confusion" analysis. *See* Kellogg Co. v. Pack'em Enterprises, Inc., 951 F.2d 330, 332-34 (Fed. Cir. 1991) (upholding a decision based on the single factor of similarity of marks); *supra* note 174 & *infra* note 249 (discussing other factors used by courts to determine whether there has been an actionable likelihood of confusion).

249. In cases where a challenged trademark is neither visually nor phonetically similar to the plaintiff's mark, a court is still required to consider whether "the 'psychological imagery evoked by the respective marks' may overpower the respective similarities or differences in appearance and sound." 3 MCCARTHY, *supra* note 14, § 23:26, at 23-60 to 23-61 (quoting Vornado, Inc. v. Breuer Elec. Mfg. Co., 390 F.2d 724, 728 (C.C.P.A. 1968) (Smith, J., dissenting)). Additionally, courts routinely examine the phonetic characteristics of visually distinguishable trademarks. For example, "SO" was found to be confusingly similar with "ESSO." Esso, Inc. v. Standard Oil Co., 98 F.2d 1, 5-7 (8th Cir. 1938). In examining the phonetic similarities of trademarks, courts are required to determine how the average purchaser might pronounce the word rather than how the defendant believes the word should be pronounced. J. B. Williams Co. v. Le Conte Cosmetics, Inc., 523 F.2d 187, 193 (9th Cir. 1975) (holding that it was error to assume that Americans would pronounce "LE CONTE" in the French manner with the accent on the final syllable making it distinguishable from "CONTI"). Courts also consider whether a picture mark may be confusingly similar with a trademark protected word, such as in the case of Mobil Oil's "flying horse" design mark which was found to be infringed by the word mark "Pegasus." *See* Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 257-60 (2d Cir. 1987).

250. *See supra* notes 168 and 169 (discussing that courts should rely on how the public perceives a mark rather than the court's own perception).

251. *But see* Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619, 626 (6th Cir. 1996), *cert. denied*, 117 S. Ct. 770 (1997) (requiring a defendant to advertise or actively promote a vanity number in order for there to be an infringement).

252. *See supra* note 172 (discussing cases where courts translated foreign words into english to perform a likelihood of confusion analysis).

English in order to fully assess the likelihood of confusion.[253] The pronunciation, translation, and mental impression produced by a trademark are also important factors in determining consumer recognition of the mark.[254] If any of these factors are ignored, a court may overlook the reason why consumers chose one product or service over another, which could lead to an incorrect determination because warranted protection would be withheld.[255] Likewise, an injustice will be done if a court refuses to translate a defendant's telephone number into its alphanumeric form after it has been demonstrated that the defendant is profiting solely from misdialing by the public of the plaintiff's vanity telephone number.[256]

3. Relatedness of the Products or Services

Equally important are similarities between the vanity number holders's products or services.[257] This is because if services or products of vanity telephone number holders are the same, the danger is great that the public will be confused.[258] For example, if two companies use the "800" numbers O-P-E-R-A-T-O-R and O-P-E-R-A-T-E-R, confusion will be largely nonexistent if one of the vanity telephone numbers is used by a trucking company to solicit complaints about its drivers and the other is used by a telephone company. Inevitably, callers seeking to contact the telephone company will accidentally

253. *See Menendez*, 128 U.S. at 520; *see also* 3 MCCARTHY, *supra* note 14, § 23:36 (discussing the foreign equivalents doctrine).

254. *See supra* notes 174 and 249 (discussing other factors used by courts to determine whether there is a likelihood of confusion between two marks). A classic example is the finding that "TORNADO" fences infringed the trademark of "CYCLONE" fences because the similarity of the terms was "confusingly similar" when taking into consideration the fact that both marks were used to sell wire fencing. *See* Hancock v. American Steel & Wire Co., 203 F.2d 737, 739-40 (C.C.P.A. 1953). In terms of vanity telephone numbers, the problem of "confusingly similar" terms could result in even more damages because of the amount of money at stake. *See* Comments of Dial-A-Mattress, *supra* note 3, at 1; Comments of 1-800-FLOWERS, *supra* note 2, at 3-4.

An analogous situation would be the similarity of sound. For example, a court found the name of an insecticide inappropriate because it was too similar to the name of another insecticide. American Cyanamid v. United States Rubber Co., 356 F.2d 1008, 1009 (C.C.P.A. 1966). The court found that even minor confusion resulting from a misunderstanding of which insecticide was meant to be applied on a field could result in tremendous damage. *See id.*

255. *See supra* note 174 (discussing situations where courts have dealt with confusingly similar marks).

256. *See generally* Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619 (6th Cir. 1996), *cert. denied*, 117 S. Ct. 770 (1997). *Cf. American Cyanamid*, 356 F.2d at 1009 (finding likelihood of confusion existed between pesticides "PHYGON" and "CYGON", because at a verbal level a mistake or confusion could result in damage to crops).

257. *See* CHARLES E. MCKENNEY AND GEORGE F. LONG, III, FEDERAL UNFAIR COMPETITION: LANHAM ACT § 43(A) § 3.08[8] (1989).

258. *See id.*

dial the trucking company number, but the harm to the telephone company's business will be minimal since the callers will realize the mistake and correct it.

If, however, the second user of a similar vanity number provides identical or related products or services as the first user, the likelihood of confusion will be significant.[259] Consumers that misdial a company's number and are connected with a competitor offering the same type of goods or services may stay on the line and purchase that item from the junior user.[260] Thus, in cases involving vanity telephone numbers, the relatedness of the products or services should weigh heavily in determining liability.

4. The Likely Degree of Purchaser Care

A fourth factor that should receive special consideration in the likelihood of confusion analysis is the likely degree of purchaser care or customer sophistication.[261] This factor pertains to the type of product sold and the identity of the prospective purchaser.[262] Other relevant considerations, however, include the conditions under which the product is usually purchased.[263] Competing grocery products, for example, are closely stacked on crowded shelves, while luxury cars are displayed in spacious dealerships. When a trademark infringement case involves a sophisticated purchaser, who could be presumed to have made a deliberate selection by differentiating between trademarks, less concern arises that the consumer will inadvertently be confused by a somewhat similar trademark.[264] Thus, less trademark protection is needed in these cases.

The likely degree of purchaser care is a particularly important factor with respect to products and services sold by way of vanity telephone numbers.[265] Consumers do not engage in careful deliberation when dialing telephone numbers, or in ascertaining whether the business answering the telephone call was the one they intended to contact. The extent of misdirected business caused by

259. *See id.*

260. This was the result in *Holiday Inns*. The defendants profited from the fact that customers misdialed Holiday Inns's number, but often stayed on the line to reserve a room from the defendants rather than re-dialing Holiday Inns. *See* Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619, 621 (6th Cir. 1996), *cert. denied*, 117 S. Ct. 770 (1997).

261. *See generally* 3 MCCARTHY, *supra* note 14, §§ 23:92-23:99 (discussing different levels of purchaser care that courts have examined in a likelihood of confusion analysis).

262. *See id.*

263. *See* 1 GILSON & SAMUELS, *supra* note 24, § 5.08[2]-[4], at 5-130 to 5-135 (discussing varying levels of consumer sophistication and price considerations in purchasing decisions).

264. *See* Charles of the Ritz Group, Ltd. v. Quality King Distributors, Inc., 832 F.2d 1317, 1323 (2d Cir. 1987).

265. *See supra* Part II.A.3 (discussing the likelihood of confusion analysis).

dialing mistakes is tremendous.[266] In fact, many companies that use vanity numbers, as a matter of practice, reserve each of the nearly identical numbers that may be called through a minor misdialing of the advertised telephone number.[267] The fact that companies may not or are unable to reserve numbers complementary to their own, combined with the public's demonstrated habit of misdialing numbers, necessitates that courts give great weight to the issue of purchaser care and sophistication when considering a vanity telephone number case.[268]

In conclusion, a proper application of the "likelihood of confusion" factors is necessary to maintain consistent trademark protection for vanity telephone numbers.[269] Trademark policy provides businesses with incentives to develop distinctive marks to describe their products and promote goodwill.[270] Granting *appropriate* trademark protection to telephone vanity numbers will encourage businesses to develop clever vanity numbers to increase business and profits.[271] Consumers will also benefit from the ability to rely on recognized goodwill and engage in repeated business transactions with companies that they trust.

B. The FCC Should Refrain from Regulating Vanity Telephone Numbers

In light of the ability of trademark law to adequately protect vanity telephone numbers,[272] the FCC should not have injected itself into the regulation of vanity telephone numbers.[273] Ostensibly, one of the FCC's primary purposes in regulating vanity telephone numbers was to prevent premature depletion of numbers in new toll-free codes set for release[274]—clearly an appropri-

266. *See* Holiday Inns, Inc. v. 800 Reservation, Inc., 86 F.3d 619, 621 (6th Cir. 1996), *cert. denied*, 117 S. Ct. 770 (1997).

267. *See id.*

268. *See supra* Part II.A.3. Misdialing can be as simple as, on a touch tone phone, depressing one of the numbers adjacent to a correct number. Misdialing can also occur if a person transposes the letter "i" with the numeral one or the letter "o" with the numeral zero. This type of situation occurred in *Holiday Inns*, where the letter "o" in 1-800-Holiday was misdialed by the public as a zero. *See Holiday Inns*, 86 F.3d at 621.

269. *See* 3 MCCARTHY, *supra* note 14, § 23:19, at 23-42 to 23-44 (discussing the traditional factors in a likelihood of confusion analysis).

270. *See* United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918) (concluding that the function of a trademark was "to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his").

271. *Cf. id.* at 97-98 (stating that trademark rights are devices designed to protect against unfair competition by distinguishing goods as those belonging to a specific trader, and thus protecting that trader's goodwill in his goods).

272. *See supra* Parts II.A & III.A (arguing that appropriate protection for vanity telephone numbers can be provided by a proper application of trademark principles).

273. *See Order*, *supra* note 1, at 2496.

274. *See NPRM*, *supra* note 1, at 13694-95.

ate FCC function.[275] The Commission also indicated that it sought to ensure allocation of toll-free numbers "on a fair, equitable, and orderly basis."[276] While the FCC has the authority to properly allocate telephone numbers, it does not have the authority to draft new trademark law or inject itself into the field of trademark law.[277]

FCC action to protect "800" vanity telephone numbers has distorted competition.[278] Many companies, who were waiting for the issuance of a new code in order to gain the competitive advantages that generic vanity telephone numbers provide, were told by the FCC that they would not have an opportunity to reserve certain vanity telephone numbers in the new "888" code, and possibly would not be permitted to do so in the future.[279]

To correct the competitive imbalance that has resulted, the FCC should immediately make available all of the vanity telephone numbers in the new "888" code.[280] These numbers should be made available either through a traditional, first-come, first-serve basis, or through a lottery or auction, if such an approach is more manageable.[281] Such a system will give all parties a fair

275. *See* 47 U.S.C. §§ 151, 201-05, 218 (1994). The Communications Act gives the FCC authority to regulate the operation of telecommunications common carriers. *See id.*; *supra* note 12 (discussing the FCC's authority).

276. *NPRM*, *supra* note 1, at 13692.

277. *See, e.g.*, Comments of Bell Atlantic, *supra* note 210, at 7-8 ("There is no reason for the Commission to try to use the Communications Act and its power to regulate common carriers to constrain the conduct of telephone service customers ... it would be inappropriate for the Commission to attempt to do so."); Comments of CTA, *supra* note 18, at 13 (stating that the trademark law was sufficient to protect vanity telephone number holders and "[t]he Commission should not act to hinder the development of law in this area"); Comments of Paging Network, *supra* note 210, at 13-14 (asserting that existing remedies in trademark law exist for vanity telephone number holders).

278. Generic terms in vanity telephone numbers should not be withheld from the public or potential competitors of a business. *See supra* note 39 (discussing that the law does not provide protection to generic terms).

279. *See Order*, *supra* note 1, at 2496 (withholding vanity telephone numbers in the new codes from the public and stating that it would later resolve whether permanent regulation would be needed).

280. *See, e.g.*, Comments of Bell Atlantic, *supra* note 210, at 7-8 (arguing against right of first refusal); Comments of Paging Network, *supra* note 210, at 13 (same); Comments of Southern New England Telephone, *supra* note 210, at 6 (same); Comments of Southwestern Bell, *supra* note 210, at 17 (rejecting right of first refusal).

281. *Cf. NPRM*, *supra* note 1, at 13698-99 (soliciting comments on how the reservation and assignment process of the new "888" code should be conducted). Additionally, the White House has proposed that vanity telephone numbers should be auctioned, estimating proceeds to be worth up to $350 million. *See Business Digest*, BALTIMORE SUN, Mar. 8, 1996, at 2C. In the past, the FCC has sold "personal communications services" (PCS) or wireless communications networks for telephones and computers through auctions with great financial success. *See* Edmund L. Andrews, *Winners of Wireless Auction To Pay $7 Billion*, N.Y. TIMES, Mar. 13, 1995, at D1. One auction held in March of 1995 produced $7 billion in revenue for the federal government, and analysts have agreed that the auction process for PCS has been a success. *See id.*;

opportunity to obtain valuable toll-free vanity telephone numbers.[282]

IV. CONCLUSION

Existing trademark principles are adequate to protect vanity telephone numbers as trademarks and to protect against trademark infringement. The application of the law by courts to vanity telephone numbers, however, has been inconsistent and often inappropriate. Although courts have determined that vanity telephone numbers can be protected as trademarks, there have been judicial decisions giving generic terms, which should never be protected, full trademark protection. In other cases, trademark-protectable vanity telephone numbers have been given inadequate protection against a competitor's use of the same or confusingly similar number.

Despite these judicial errors, it was ill-advised for the Federal Communications Commission to engage in regulation in the issuance of vanity telephone numbers. Instead, existing trademark law, properly applied, is capable of adequately resolving disputes because the law takes into consideration the unique issues that vanity telephone numbers present.

Lisa Dame Olcott

Mike Mills, *Putting Down a $10 Billion Bet; Winning Bidders for PCS Licenses Have a Big Task: Making a Profit*, WASH. POST, May 7, 1996, at C1.

282. *See supra* note 213 (explaining that numbers on a telephone dial pad may spell many different words that many businesses would want to utilize).